THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPTT. OF INDUSTRIAL DEVELOPMENT) AND MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF HEAVY INDUSTRY) (SMT. KRISHNA SAHl) : (a) As per Index of Industrial Production compiled by CSO industrial production has shown a growth of 1.8% in 1992-93 and a further growth of 1.8% during April—August, 1993-94. As per the study conducted by National Productivity Council, labour productivity in almost all the industrial groups have been increasing during the 8(Vs, though, it still continues to be lower in comparison to other Asian countries.

(b) and (c) Policy initiatives taken in the New Industrial Policy in July, 1991, the Trade Policy and supporting fiscal and monetary measures announced subsequently in the Budgets 1992-93, 1993-94 are all aimed at accelerating the growth of the industrial production and improving their international competitiveness.

Hurdles due to direct foreign Investment

2018. SHRI CHIMANBHAI MEHTA:

SHRIMATI MIRA DAS:

SHRI SARADA MOHANTY :

SHRI G. G. SWELL :

Will the PRIME MNISTER be pleased to state :

(a) whether it is a fact that Foreign Direct Investment is hurting local industries ;

(b) what are the details about the investment made or proposed in the various sectors of the economy including power, oil refineries, chemicals, electrical equipments, electronic metallurgy and consumer goods;

(c) what is the impact of FDI on our economy;

(d) what is the percentage that FDI constitutes in our total indusrial economy; '

(e) whether it is a fact that certain sections of industrialists are building an East India Company syndrome ;

(f) what is the quantum of employment and export generation envisaged through FDI; and

(g) what are the hurdles for FDI as envisaged or explained by FD investors ?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPTT. OF INDUSTRIAL DEVELOPMENT) AND MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF HEAVY INDUSTRY) (SMT. KRISHNA SAHl): (a) to (g) Over the last 40 years, Indian industry has developed its own resilience and strength and is equipped for a more dynamic relationship with foreign industry so as to exploit global marketing and export opportunities, emerging managerial techniques and technology and be iBjternationa'ly competitive.

Sector-wise break-up of foreign direct investment approved during the post policy period and upto November, 1993 is given in the attached annexure *[See* appendiX CLXIX. Annexure No. 48].

Foreign direct investment, which has increased only after the announcement of new policy, still constitutes a small percentage of total investment in the Indian industrial sector. However, it is considered as an important source of non-debt capital flows as also a vehicle for technology flows. Further, entry of multinationals, apart from bringing scarce capital resources and opening up larger employment opportunities, creates competition among manufacturers, particularly manufacturers of consumer goods which result in efficiency, cost control, better design, quality assurance and better products and after sale service to the consumers. Implementation of projects approved with foreign direct investment will generate substantial employment opportunities and exports.

Government's foreign direct investment policy is constantly under watch so as to make it more investor-friendly and internationally competitive.